



October 14, 2022

Fort Bragg City Council  
City of Fort Bragg  
416 North Franklin Street  
Fort Bragg, CA 95437

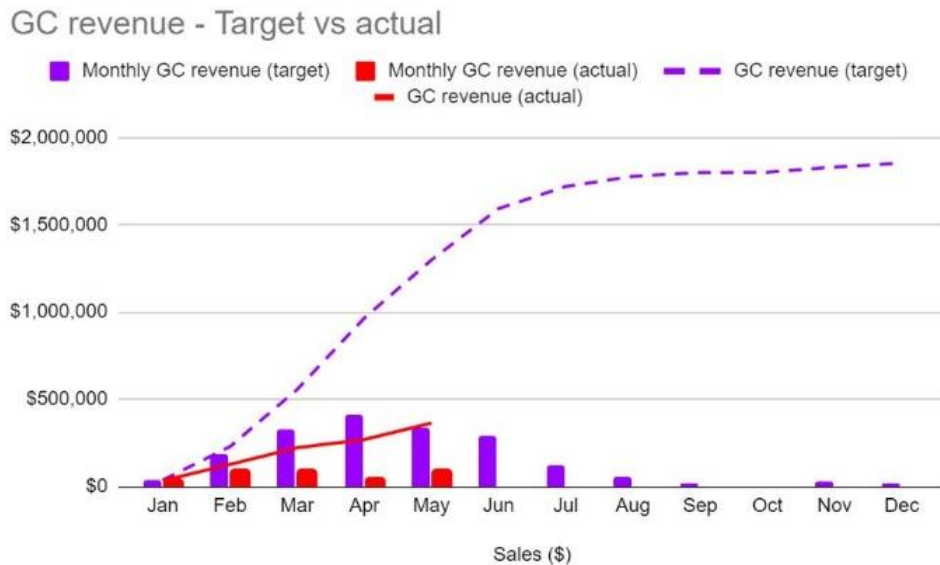
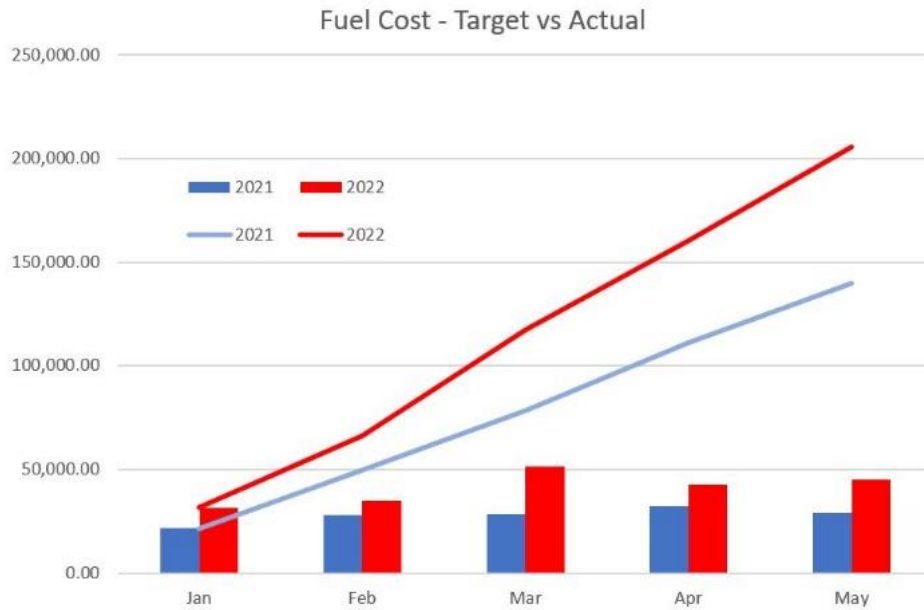
**Subject: Cold Creek Compost - Request for Increased Tip Fee**

Dear City Council and Staff,

This letter follows up on our June 27, 2022 telephone conversation and July 1, 2022 letter. This is to provide additional details regarding the need to increase our tip fee from \$38.58 to \$60.00 per ton effective November 1, 2022.

As discussed, a perfect storm of events including the drought, inflation, fuel prices, and impacts to the cannabis industry has put Cold Creek Compost in a dire financial situation. Drought, for example, has increased our annual cost of water hauling by approximately \$90,000 and negatively impacted all product sales. Increased fuel costs directly increase our operating costs by an estimated \$150,000 annually. Additionally, fuel costs impact trucking of incoming and outgoing materials, hindering our sales and raising the cost of everything we use. The plastics industry has seen prices triple, which alone increases our operating costs by \$60,000 annually.

The largest impact comes from the cannabis industry, which has seen a 80% drop in sales, equivalent to \$1.6 million in annual revenue. These are some, but not all, of the changes Cold Creek Compost is struggling to adapt to. The graphs below highlight the financial challenges we are facing.



While we recognize that we are asking for a large tip fee increase in a short time, we believe our tip fees will still be well below market rates in California. See the table below.



Jurisdiction	Feedstocks Accepted	Price Per Ton (Not including Transport)
City of Sacramento Organics Material Diversion Vendors	Food and green materials	<b>Agromin</b> \$77/ton – Green only \$97/ton – Green & food  <b>Sacramento County</b> \$91.51/ton – Green only \$96.51/ton – Green & food  <b>Yolo County</b> \$70/ton – Green only \$70/ton – Green & food
ReThink Waste Contract with Recology	Food, green, and wood materials	<b>Jepson Prairie Organics, Vacaville, CA</b> \$69/ton – Green only \$89/ton – Comm source separated organics \$83/ton – Mixed organics
Sonoma County: Zero Waste Sonoma	Food and green materials	<b>Napa Recycling</b> \$48.41/ton  <b>Redwood Landfill</b> \$52.40/ton  <b>C&amp;S Waste Solutions</b> \$65.00/ton

We believe we have been a reliable partner with the City servicing the City’s composting needs since 1996. A commitment to Cold Creek by the County ensures local, long-term composting capacity to meet SB 1383 requirements, minimizes transport costs, and provides local jobs. We look forward to the opportunity to continue to support Mendocino County’s residential, commercial, and agricultural communities through organics recycling and by providing nutrient dense finished compost.

Please let me know if I can provide any additional information.

Thank you for your consideration,

Martin Mileck  
 Founder, Owner, and President  
 Cold Creek Compost, Inc.